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Proposed New Fracking Rules Draw Fire From Industry

By TENNILLE TRACY

The Interior Department proposed relaxing some of the requirements it wants to impose on energy companies that conduct hydraulic fracturing on federal land, but the industry remains opposed to the new rules, saying they are unnecessary.

The department said Thursday it is replacing a proposed rule issued in May 2012 with a new version that grants additional flexibility to oil and natural-gas companies. Among other things, the new proposal allows companies to employ more than one method to verify that a well has been properly cemented, whereas the earlier proposal required one specific test.

If made final, the rules governing fracking on federal lands would update an existing set of government standards that are more than 30 years old. Fracking involves blasting a mix of water, sand and chemicals into wells to break up rock and allow oil and gas to flow out.

"We continue to use regulations that date back to the first days of the Sony Walkman and the Atari videogame," Interior Secretary Sally Jewell said. "Industry has rapidly evolved and regulations need to keep pace."

Environmental groups accused the Interior Department of passing up an opportunity to strengthen national fracking standards even further. "These rules protect industry, not people," said Natural Resources Defense Council President Frances Beinecke.

Ed Markey, the ranking Democrat on the House Natural Resources Committee—which has oversight over federal lands—voiced similar concerns after the proposed new rules came out Thursday.

Committee Chairman Doc Hastings (R., Wash.) said the Interior Department "is charging forward with new regulations on hydraulic fracturing on federal and tribal lands that are

burdensome, restrictive, unnecessary and directly duplicate what states have been doing efficiently."

The updated proposal included many of the changes requested by oil and natural-gas companies after the earlier proposal was released last year, but the industry still balked at the rules. The American Petroleum Institute and the Western Energy Alliance, two influential groups representing the industry, said modern standards at the state level already ensure safety.

"Even though it's better than the first round, it still is unnecessary and it's an infringement on state regulatory efforts," said Western Energy Alliance Vice President Kathleen Sgamma.

Like its predecessor, the new proposal requires oil and gas companies to disclose the chemicals they use in fracking fluids, likely directing them to post to a website known as FracFocus. It creates a new method for companies to avoid public disclosure by citing the need to protect trade secrets.

The alliance, which represents energy companies in Western states where the U.S. government owns millions of acres of land, estimated that the 2012 proposal would cost upward of \$1.5 billion a year to implement. Ms. Sgamma said it was too early to give a figure for the new proposal.

Recent advances in fracking and horizontal-drilling technology have allowed energy companies to produce oil and natural gas in areas that were previously thought to be too expensive to tap.

Most of the big production increases have taken place on private or state-owned land. That is partly owing to geology, and companies also blame Washington red tape on applications to drill on federal lands. The Obama administration says boosting domestic production is a priority.

The spread of fracking has created a boom in production while raising concerns over water contamination, methane leaks into the atmosphere and earthquakes triggered by storing spent fluid underground.

The Environmental Protection Agency is currently conducting a yearslong study to determine whether the fracking process contaminates groundwater. The agency is expected to release a report in 2014.

Under Mr. Obama, the EPA hasn't found any conclusive evidence that fracking contaminates drinking water. It continues to investigate a natural-gas project in Pavillion, Wy., however, where it suggested in 2011 that fracking led to ground water contamination. The company operating at the site, Encana Corp., disputes the agency's findings.

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